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Subpart 532.1 - Non-Commercial Item Purchase Financing

532.111 Contract clauses for non-commercial purchases.

Insert the clause at [552.232-5](#), Payments under Fixed-Price Construction Contracts, in solicitations and contracts when a fixed-price construction contract is contemplated.

532.112 Payment of subcontractors under contracts for non-commercial items.

532.112-1 Subcontractor assertions of nonpayment.

If the contracting officer determines under FAR 32.112-1 that a contractor's certification of payment is inaccurate in any material respect, the contracting officer shall report the matter to the Office of Inspector General.

Subpart 532.4 - Advance Payments for Non-Commercial Items

532.402 General.

The contracting officer shall prepare the findings and determinations required by FAR 32.402(e) in coordination with the contract finance office. The HCA approves the findings, determinations and authorization for advance payments.

532.407 Interest.

The contract finance office will give the contracting officer the interest rate to be charged on the unliquidated balance of advance payments.

Subpart 532.5 - Progress Payments Based on Costs

532.501 General.

532.501-2 Unusual progress payments.

The HCA must approve or disapprove requests for "unusual" progress payments.

532.502 Preaward matters.

532.502-2 Contract finance office clearance.

Before providing for progress payments based on costs, the contracting officer shall request the Office of the Chief Financial Officer to provide advice and assistance about a contractor's financial condition and the adequacy of its accounting system and controls.

532.503-5 Administration of progress payments.

The contracting officer shall ensure that the contract finance office provides to the contracting office:

- (a) The date and amount of each progress payment to a contractor; and
- (b) Written recommendations if findings warrant action by the Government.

532.503-6 Suspension or reduction of payments.

The HCA must approve any action recommended under FAR 32.503-6. Upon approval, the contracting officer shall request the contract finance office to suspend or reduce payments.

532.503-9 Liquidation rates—alternate method.

Reduction of the liquidation rates specified in paragraph (b) of FAR 52.232-16 may be made only with the contracting officer's approval after coordination with the contract finance office. Upon approval, the contracting officer shall request the finance office to reduce the rate.

Subpart 532.6 - Contract Debts

532.606 Debt determination and collection.

(a) The contract finance office is responsible for the administration of debt collection pursuant to GSA directives, currently found in the Accounting Operations—Accounts Receivable and Credit and Finance Operations, and Related Activities Handbook (PFM P 4253.1).

(b) If the contracting officer determines that a debt in excess of \$100 is delinquent, he/she shall notify the applicable finance office for collection in accordance with the Debt Collection Improvement Act of 1996, and possibly forward the information to the Department of the Treasury's Financial Management Service for administrative offset and cross-servicing.

(c) If the contractor appeals the demand for payment pursuant to the Disputes clause of its contract, the contracting officer shall advise the Finance Office whether to suspend collection efforts pending resolution of the dispute.

Subpart 532.7 - Contract Funding

532.700 Scope of subpart.

GSA fiscal regulations are in the Budget Administration Handbook (CFO 4251.4), Accounting Classification Handbook (CFO P 4240.1), and Accounting Operations—Voucher Examination Payment Handbook (CFO P 4252.1).

532.702 Policy.

GSA's contract funding policies are in compliance with the full funding policy at 2, Section 31.6, OMB-C A-11, published June 26, 2008.

532.703 Contract funding requirements.

(a) "Severable services" means services that are continuing and ongoing in nature—such as help-desk support, maintenance, or janitorial services—for which benefit is received each time the service is rendered.

(b) "Non-severable services" means work that results in a final product or end-item and for which benefit is received only when the entire project is complete, such as systems design, building conversion, or environmental study.

(c) Contracts for severable services may cross fiscal years as long as the period of performance (excluding options) is no more than 12 months. Contracts for goods or non-severable services are not similarly limited.

532.705 Unenforceability of unauthorized obligations.

Supplier license agreements defined in FAR 32.705 are equivalent to commercial supplier agreements defined in [502.101](#).

532.706 Contract clauses.

532.706-3 Clause for unenforceability of unauthorized obligations.

(a) The contracting officer shall utilize the clause at [552.232-39](#), Unenforceability of Unauthorized Obligations (FAR DEVIATION) in all solicitations and contracts in lieu of FAR 52.232-39.

(b) The contracting officer shall utilize the clause at [552.232-78](#), Commercial Supplier Agreements - Unenforceable Clauses, in all solicitations and contracts (including orders) when not using FAR 12.

Subpart 532.8 - Assignment of Claims

532.805 Procedure.

(a) When acknowledging receipt of the notice of assignment, the contracting officer shall notify the contractor that all future invoices or other requests for payment under the contract must specify the name and address of the assignee and include a notation that payments due thereunder

have been duly assigned. The contracting officer must send a copy of the acknowledgment to the contract finance office.

(b) When payments under requirements or indefinite quantity contracts that are for the sole use of GSA have been assigned, the contracting officer shall provide all GSA offices that will place orders against the contract the name and address of the assignee that will receive amounts due under the contract. The notification should also state that the contracting officer requested the contractor to specify the name and address of the assignee on future invoices.

532.806 Contract clauses.

Insert the clause at [552.232-23](#), Assignment of Claims, in solicitations and requirements or indefinite quantity contracts under which more than one agency may place orders.

Subpart 532.9 - Prompt Payment

532.904 Determining payment due dates.

Payment due dates for construction contracts are addressed at FAR 32.904(d). The following procedures apply to construction and building service contracts:

(a) The amount of final payment must include, as appropriate, deductions to cover any of the following:

- (1) Liquidated damages for late completion.
- (2) Liquidated damages for labor violations.
- (3) Amounts withheld for improper payment of labor wages.
- (4) The amount of unilateral change orders covering defects and omissions.

(5) The agreed-upon dollar amount in a Deficiency Report, which is included in all applicable Operation and Maintenance (O&M) service contracts.

(b) When the contract is for the performance of building services, the contracting officer shall include the clause at [552.232-72](#), Final Payment Under Building Services Contracts.

532.905 Payment documentation and process.

(a) Contractors are to submit invoices or vouchers to the contracting officer for approval. Invoices must be annotated with the date of receipt, as required by FAR 32.905. That date will be used to determine interest penalties for late payments. The contracting officer or designee must review the processing of invoices or vouchers before payment to determine if the items and amounts claimed are consistent with the contract terms and represent prudent business transactions. The

contracting officer must ensure that these payments are commensurate with physical and technical progress under the contract. If the contractor has not deducted questionable amounts from the invoice or amounts required to be withheld, the contracting officer must make the required deduction, except as provided in [532.7203](#). Subject to [532.7201](#), the contracting officer must note approval of any payment on (or attached to) the invoice or voucher submitted by the contractor and forward the invoice or voucher to the appropriate contract finance office for retention after certification and scheduling for payment by a disbursing office.

(b) See GSAM [532.7203](#) for the handling of audit findings.

532.905-70 Final payment—construction and building service contracts.

The following procedures apply to construction and building service contracts:

(a) The Government shall pay the final amount due the Contractor under this contract after the documentation in the payment clauses of the contract is submitted. This includes the final release prescribed for construction at FAR 52.232-5, and for building services at GSAR [552.232-72](#).

(b) Contracting officers may not process the final payment on construction or building service contracts until the contractor submits a properly executed [GSA Form 1142](#), Release of Claims, except as provided in paragraph (c) of this section

(c) In cases where, after 60 days from the initial attempt, the contracting officer is unable to obtain a release of claims from the contractor, the final payment may be processed with the approval of assigned legal counsel.

(d) The amount of final payment must include, as appropriate, deductions to cover any of the following:

- (1) Liquidated damages for late completion.
- (2) Liquidated damages for labor violations.
- (3) Amount withheld for improper payment of labor wages.
- (4) The amount of unilateral change orders covering defects and omissions.

532.908 Contract clauses.

(a) GSA has a FAR deviation that allows this agency to use the clause at [552.232-1](#), Payments, in lieu of the clause at FAR 52.232-1, Payments.

(b) *General.* Before exercising the authority to modify the date for constructive acceptance or constructive approval of progress payments in paragraph (a)(5)(i) of the clause at FAR 52.232-25, Prompt Payment, the contracting officer must prepare a written justification explaining why a longer period is necessary. An official one level above the contracting officer must approve the justification. The time needed should be determined on a case-by-case basis, but the specified constructive acceptance period shall not exceed 30 days.

(c) *Stock, Special Order, and Schedules Programs.*

(1) GSA has obtained a FAR Deviation to authorize payment within 10 days of receipt of a proper invoice. The authority applies only to:

(i) Orders placed by GSA under the referenced programs;

(ii) That include FAR 52.232-33, Mandatory Information for Electronic Funds Transfer Payment; and

(iii) For which the order is placed, and the contractor submits invoices, using EDI in accordance with the Trading Partner Agreement.

(2) If the contract is for commercial items and will include FAR 52.212-4, use the clause with its Alternate II. If the contract is not for commercial items, use the clause at [52.232-25](#), Prompt Payment, instead of FAR 52.232-25.

Subpart 532.11 - Electronic Funds Transfer

[Reserved]

Subpart 532.70 - Authorizing Payment by Government Charge Card

532.7002 Solicitation requirements.

(a) In solicitations for supplies and services, except FSS schedule solicitations, request offerors to indicate if they will accept payment by Governmentwide commercial purchase card. Identify the card brand(s) under the GSA SmartPay program that may be used to make payments under the contract, on the cover page or in Section L of the solicitation.

(b) For FSS schedule contracts, identify the card brand(s) under the GSA SmartPay program that may be used to make payments under the contract in the contract award letter.

(c) For orders placed by GSA, you may authorize payment by Governmentwide commercial purchase card only for orders that do not exceed \$100,000 (see GSA Order, Guidance on Use of the Credit Card for Purchases (CFO 4200.1)).

(d) Consider requesting offerors to designate different levels for which they may accept payment by Governmentwide commercial purchase card, for example:

“If awarded a contract under this solicitation, the offeror agrees to accept payment by Governmentwide commercial purchase card for orders of:

_____ \$2,500 or less

_____ \$25,000 or less

_____ \$50,000 or less

_____ \$100,000 or less

532.7003 Contract clause.

For indefinite-delivery, indefinite-quantity (IDIQ) contracts other than Schedules, insert the clause at [552.232-77](#), Payment By Government Charge Card, if the contract will provide for payment by Government charge card as an alternative method of payment for orders. For Schedule contracts that provide for payment using the Government charge card, use the clause(s) prescribed at [part 538](#).

Subpart 532.71 - [Reserved]

Subpart 532.72 - Payments Under Contracts Subject to Audit

532.7201 General.

(a) The contracting officer should not approve an initial invoice or voucher before having consulted with the Assistant Inspector General for Auditing or the Field Audit Office regarding cost or other supporting data as required under:

- (1) Cost-reimbursement type contracts.
- (2) The cost-reimbursement portion of fixed-price type contracts.
- (3) Time and materials or labor-hour contracts.
- (4) Fixed-price contracts providing for any of the following:
 - (i) Progress payments based on costs.
 - (ii) Advance payments.
 - (iii) Guaranteed loans.
 - (iv) Cost-based Incentives or redetermination.

(b) Except for fixed-price contracts with redetermination where no price revision (upward or downward) is to be made, the contracting officer shall not approve the final payment invoice or voucher for contracts specified in [532.7201\(a\)](#) or the final payment or settlement of other contracts subject to audit prior to:

- (1) Receipt and review of the contract audit report; or

(2) Consultation with the Assistant Inspector General for Auditing or the Field Audit Office if no audit is to be conducted.

532.7202 Submission and processing of invoices or vouchers.

(a) Contractors should be required to submit invoices or vouchers to the contracting officer. The date on which the contracting officer receives the invoice or voucher will be used to determine interest penalties for late payments. The contracting officer, or designee, must review the processing of invoices or vouchers before payment to determine if the items and amounts claimed are consistent with the contract terms and represent prudent business transactions. The contracting officer must ensure that these payments are commensurate with physical and technical progress under the contract. If the contractor has not deducted questionable amounts from the invoice or amounts required to be withheld, the contracting officer is responsible for making the required deduction, except as provided in [532.7203](#).

(b) Subject to [532.7201](#), the contracting officer should note approval of any payment on (or attached to) the invoice or voucher submitted by the contractor, then forward the invoice or voucher to the appropriate contract finance office for retention after certification and scheduling for payment by a disbursing office.

532.7203 Action upon receipt of an audit report.

Audit reports will be furnished to the contracting officer and Field Audit Office, with a copy to the appropriate contract finance office. Upon receipt of an audit report, pursuant to contract terms, the contracting officer is responsible for determining the allowability of all costs covered by audit. While the auditor's recommendations should be given full consideration, the contracting officer must make an independent business judgment before taking any action based on the audit report. If there is doubt or question about the auditor's recommendations, the contracting officer is required to follow the audit resolution procedures in GSA Order ADM P 2030.2C, Audit Resolution and Followup System, Chapter 4, paragraph 3.

532.7204 Suspension and disapproval of amounts claimed.

(a) The contracting officer shall notify the appropriate contract finance office in writing when amounts claimed for payment are—

- (1) Suspended;
- (2) Disapproved as not being allowable according to contract terms; or
- (3) Not allocable to the contract.

(b) The contracting officer's notice forms the basis for the contract finance office to issue GSA Form 533, Administrative Difference Statement. Finance will attach a copy of GSA Form 533 to each copy of the invoice or voucher from which the deduction has been made, and will include an explanation of the deduction.